

BOARD OF LIQUIDATORS, PETITIONER, VS. COURT OF APPEALS AND RODOLFO SANTOS, RESPONDENTS.

G.R. No. 75569. September 28, 1988

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The issue in this case is whether the disposition of real properties in the custody of the Board of Liquidators is subject to judicial review.

The facts are simple. Lot 7, Block 30 is a parcel of land with an area of 4,608 square meters located at Daliao, Toril, Davao City, formerly owned by a Japanese national, which, after the second world war, was turned over to the Republic of the Philippines by the US Armed Forces and was placed under the administration and disposition of petitioner Board of Liquidators. Reynaldo Manalili filed an application for the acquisition of the lot to which an opposition was interposed by private respondent Rodolfo Santos who claims continuous possession and occupation of the property. It is also alleged in the opposition that Manalili was never in possession thereof. The lot was eventually awarded to Manalili and on December 16, 1981, a deed of absolute sale was executed by petitioner in his favor.

On January 5, 1982, the deed of sale was registered together with a communication from petitioner to the Register of Deeds of Davao City asking for the issuance of the corresponding title in favor of Manalili. Transfer Certificate of Title No. T-86414 was issued on January 6, 1982 in the name of Spouses Reynaldo Manalili and Noli Belen Manalili by the Register of Deeds of Davao City.

On April 26, 1982, private respondent commenced an action against petitioner and the Manalili spouses for reconveyance, damages, attorney's fees and/or annulment of title in the Court of First Instance (CFI) of Davao City alleging that he has a better right to said parcel of land and that it was only through fraud and misrepresentation that Manalili was able to obtain the award and title to the property to the damage and prejudice of private respondent and that no just and honest investigation was conducted on his protest.

A motion to dismiss the complaint was filed by petitioner on the ground that the Regional Trial Court had no jurisdiction to review decisions of the Board of Liquidators and that private respondent failed to exhaust administrative remedies. This motion was granted in an order dated June 21, 1984 dismissing the complaint.

Private respondent appealed to the then Intermediate Appellate Court (IAC)[1] wherein, in due course, a decision was rendered on March 24, 1986,[2] the dispositive part of which reads as follows:

"WHEREFORE, PREMISES CONSIDERED, the Order of Dismissal appealed from is hereby REVERSED and another one is hereby entered remanding the entire records of the case to the Court of Origin for the appropriate proceedings on the following issues:

"1)

Who has the better right of possession;

"2)

Whether or not the certificate of title of the appellee should be annulled;

"3)

In the event that the answer to the No. 2 issue is in the negative, to determine whether or not plaintiff was a sower, planter and builder in good faith; and

"4)

In the event that the answer to issues Nos. 2 and 3 are in the affirmative and negative, respectively, to determine the amount of damages that should be awarded to the plaintiff.

"If it appears from the evidence that the title issued herein should be annulled on the basis of fraud, and that the plaintiff has a better right of possession over the property in question, said plaintiff appellant shall be allowed to apply for the land in question with the Board of Liquidators.

"SO ORDERED."[3]

Hence, the herein petition where the assigned errors are:

"I. THE INTERMEDIATE APPELLATE COURT ERRED IN NOT HOLDING THAT THE REGIONAL TRIAL COURT HAS NO JURISDICTION OVER THE SUBJECT MATTER OF THE COMPLAINT IN CIVIL CASE NO. 15, 208.

II. THE INTERMEDIATE APPELLATE COURT ERRED IN NOT HOLDING THAT RESPONDENT RODOLFO SANTOS FAILED TO EXHAUST ADMINISTRATIVE REMEDIES." (p. 18, Rollo)

The petition is devoid of merit.

In support of its claim, petitioner cites the decision of this Court in *Alvarez v. Board of Liquidators*[4] where it was held that "(t)here is no provision of law authorizing courts to review the decisions of the Board of Liquidators and to take cognizance of action to annul awards of sale or any other action made by it pursuant to the authority granted by law."[5] The same notwithstanding, the petitioner overlooks the fact that in *Alvarez*, this Court also made the following observation:

"If the courts are to take cognizance of cases involving errors or abuse of power exercised by the Board of Liquidators the remedy would be by means of an action of certiorari or prohibition to set aside the orders or decisions of the Board. But this special civil action would not lie unless there is an allegation of abuse of discretion or lack of jurisdiction."[6]

In *Alvarez*, the Board of Liquidators cancelled the sales contract of certain lands under its administration before any title thereto was issued to its awardee. In the present case, the award has been consummated and the corresponding title has been transferred to and issued in the name of the awardee. The environmental facts are, therefore, different.

Moreover, under Section 3 of Republic Act No. 477, such lands of the public domain, except commercial and industrial lots, shall be sold by the petitioner to persons who are qualified to acquire public lands but preference "shall be given first to bona fide occupant's" as therein defined. In addition thereto, it is also provided that the disposition of the lands under said Act shall be governed by Commonwealth Act No. 141, as amended by

Republic Act No. 3038 of the Philippine Legislature and the rules and regulations promulgated thereunder.[7]

Since the title of the property involved in this case was transferred to and registered in the name of the awardee on January 6, 1983, Manalili had one (1) year within which to file a petition for review of the issuance of this title.[8] Such remedy of review on the ground of actual fraud may properly be invoked in connection with public land grants or patents within the same one (1) year period legally allowed for re-opening or review of a judicial decree of registration.[9] In this case, the complaint was filed on April 26, 1982, well within the one (1) year period for review as provided for by law.

Again citing Alvarez, petitioner alleges that private respondent has not exhausted all administrative remedies in accordance with the rules and regulations set forth by this Court. Suffice it to state that when the lot was awarded by petitioner to Manalili and title thereto was issued in his name, the property ceased to be part of the public domain and became private property so neither the Director of Lands nor the petitioner has retained control or jurisdiction over the same.[10] The rule on exhaustion of administrative remedies is not applicable where the question involved is essentially judicial,[11] or when the lot subject of the litigation is of private ownership.[12]

Finally, spread all over the records is evidence tending to show that private respondent is entitled to the award of the property in question. It is just and proper that he should be given his day in court.

WHEREFORE, the petition is DENIED, without pronouncement as to costs.

SO ORDERED.

Narvasa, Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Docketed as AC-G.R. No. CV-04160.

[2] With Justice Ma. Rosario Quetulio-Losa, ponente, and concurred in by Presiding Justice Ramon G. Gaviola, Jr. and Justice Leonor Ines Luciano.

[3] Pages 39 and 40, Rollo.

[4] 4 SCRA 195 (1962)

[5] Ibid, at 202.

[6] Ibid, at 202.

[7] Section 9, Rep. Act No. 477.

[8] Section 38, Act No. 496, now Section 32 P.D. No. 1529; Sumail vs. Judge, CFI Cotabato, et al., 96 Phil. 946; Lucas vs. Durian, 102 Phil. 1157; Director of Lands vs. De Luna, 110 Phil. 28; Nelayan vs. Nelayan, 109 Phil. 183; and Lopez vs. Padilla, G.R. No. L-27559, May 18, 1972, 45 SCRA 44.

[9] Ibid.

[10] Municipality of Hagonoy vs. Secretary of Agriculture and Natural Resources, 73 SCRA 507 (1986).

[11] Bueno vs. Patanao G.R. No. L-13882, December 27, 1963 9 SCRA 794.

[12] Tiangco v. Lauchang, 9 SCRA 125 (1963).

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